



**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004



**Auditor of State
Betty Montgomery**

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

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**Auditor of State
Betty Montgomery**

Perry Joint Fire District
Lake County
3742 Center Road
Perry, Ohio 44081

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 24, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Perry Joint Fire District
Lake County
3742 Center Road
Perry, Ohio 44081

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Joint Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat their statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and December 31, 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Perry Joint Fire District, Lake County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 24, 2006

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$3,973,772	\$0	\$0	\$0	\$3,973,772
Intergovernmental	0	18,500	0	0	18,500
Charges for Services	0	35,225	0	0	35,225
Earnings on Investments	76,726	0	0	0	76,726
Miscellaneous	278,191	0	0	0	278,191
	<u>4,328,689</u>	<u>53,725</u>	<u>0</u>	<u>0</u>	<u>4,382,414</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	3,069,477	20,565	0	0	3,090,042
Capital Outlay	246,701	0	0	51,530	298,231
	<u>3,316,178</u>	<u>20,565</u>	<u>0</u>	<u>51,530</u>	<u>3,388,273</u>
Total Disbursements					
	<u>3,316,178</u>	<u>20,565</u>	<u>0</u>	<u>51,530</u>	<u>3,388,273</u>
Total Receipts Over/(Under) Disbursements	<u>1,012,511</u>	<u>33,160</u>	<u>0</u>	<u>(51,530)</u>	<u>994,141</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	2,065	300,000	116,000	418,065
Advances-In	17,791	0	0	0	17,791
Transfers-Out	(418,065)	0	0	0	(418,065)
Advances-Out	0	(17,791)	0	0	(17,791)
	<u>(400,274)</u>	<u>(15,726)</u>	<u>300,000</u>	<u>116,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
	<u>(400,274)</u>	<u>(15,726)</u>	<u>300,000</u>	<u>116,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>612,237</u>	<u>17,434</u>	<u>300,000</u>	<u>64,470</u>	<u>994,141</u>
Fund Cash Balances, January 1, 2005	<u>1,463,352</u>	<u>0</u>	<u>282,000</u>	<u>146,597</u>	<u>1,891,949</u>
Fund Cash Balances, December 31, 2005	<u><u>\$2,075,589</u></u>	<u><u>\$17,434</u></u>	<u><u>\$582,000</u></u>	<u><u>\$211,067</u></u>	<u><u>\$2,886,090</u></u>

The notes to the financial statements are an integral part of this statement.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$3,720,059	\$0	\$0	\$0	\$3,720,059
Intergovernmental	0	120,870	0	0	120,870
Charges for Services	0	26,199	0	0	26,199
Earnings on Investments	16,622	0	0	0	16,622
Miscellaneous	3,024	34,864	0	0	37,888
	3,739,705	181,933	0	0	3,921,638
Cash Disbursements:					
Current:					
Security of Persons and Property	2,882,403	156,732	0	0	3,039,135
Capital Outlay	39,872	99,288	0	0	139,160
	2,922,275	256,020	0	0	3,178,295
Total Receipts Over/(Under) Disbursements	817,430	(74,087)	0	0	743,343
Other Financing Receipts/(Disbursements):					
Transfers-In	0	35,862	282,000	146,597	464,459
Advances-In	18,554	36,345	0	0	54,899
Transfers-Out	(464,459)	0	0	0	(464,459)
Advances-Out	(36,345)	(18,554)	0	0	(54,899)
	(482,250)	53,653	282,000	146,597	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	335,180	(20,434)	282,000	146,597	743,343
Fund Cash Balances, January 1, 2004	1,128,172	20,434	0	0	1,148,606
Fund Cash Balances, December 31, 2004	\$1,463,352	\$0	\$282,000	\$146,597	\$1,891,949

The notes to the financial statements are an integral part of this statement.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Joint Fire District, Lake County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. The District was created on September 27, 2002 by a joint resolution passed by Perry Township, Perry Village and North Perry Village. The District is directed by an appointed six-member Board of Trustees. Two board members are appointed by each political subdivision within the District, of which one member is required to be an elected official from each entity. The District provides fire protection and rescue services within the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

Money market savings, certificates of deposit and demand deposits are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than for capital projects) restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

The E.M.S. Fund - was used to fund the purchase of emergency medical service equipment.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund accumulates resources to pay bond and note indebtedness. The District had the following Debt Service Fund:

Debt Payment Fund - This fund is used to account for future debt payments for the lease of the fire station.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Capital Equipment Fund - This fund receives transfers from the General Fund for future purchases and maintenance of fire fighting equipment.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2005	2004
Demand deposits	\$35,457	\$6,518
Certificates of deposit	1,388,655	1,501,455
Money Market	1,151,329	82,703
Total deposits	\$2,575,441	\$1,590,676
 STAR Ohio	 310,649	 301,273
Total investments	310,649	301,273
Total deposits and investments	\$2,886,090	\$1,891,949

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District;

Investments: Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,824,886	\$4,328,689	\$503,803
Special Revenue	50,565	55,790	5,225
Debt Service	300,000	300,000	0
Capital Projects	132,000	116,000	(16,000)
Total	<u>\$4,307,451</u>	<u>\$4,800,479</u>	<u>\$493,028</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,000,000	\$3,734,243	\$265,757
Special Revenue	32,795	20,565	12,230
Debt Service	582,000	0	582,000
Capital Projects	278,597	51,530	227,067
Total	<u>\$4,893,392</u>	<u>\$3,806,338</u>	<u>\$1,087,054</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,833,426	\$3,739,705	(\$93,721)
Special Revenue	254,733	217,795	(36,938)
Debt Service	0	282,000	282,000
Capital Projects	0	146,597	146,597
Total	<u>\$4,088,159</u>	<u>\$4,386,097</u>	<u>\$297,938</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,007,100	\$3,386,734	\$620,366
Special Revenue	275,166	256,020	19,146
Total	<u>\$4,282,266</u>	<u>\$3,642,754</u>	<u>\$639,512</u>

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State then pays the District amounts equaling the homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax owners assess that property. The property owners must file a tangible property list to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. LOAN AGREEMENT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Lease	1,000,025	0.00%
North Perry Village Loan	500,000	0.00%
Fire Truck Lease	270,000	3.71%
Total	<u>\$1,770,025</u>	

Perry Township leased two Fire Stations and the equipment in the Fire Stations to the District in 2002. This lease is for 20 years.

In 2002, North Perry Village loaned the District \$500,000 for the purpose of purchasing parcels of land. The District is not required to begin repaying the loan until 2008.

In 2005, the District entered into a lease for a new fire truck for \$270,000. This lease is for 5 years.

**PERRY JOINT FIRE DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. LOAN AGREEMENT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

	Fire Station Lease	North Perry Loan	Fire Truck Lease	Totals
Year ending December 31:				
2006	\$10	\$0	\$60,156	\$10
2007	10	0	60,156	10
2008	66,667	50,000	60,156	116,667
2009	66,667	50,000	60,156	116,667
2010-2014	333,335	250,000	60,156	583,335
2015-2019	333,335	150,000	0	483,335
2020-2022	200,001	0	0	200,001
Total	<u>\$1,000,025</u>	<u>\$500,000</u>	<u>\$300,780</u>	<u>\$1,500,025</u>

6. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OP&F contributed 10 percent of their wages to the OP&F. The District contributed an amount equal to 24 percent of their wages. OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries.

7. RISK MANAGEMENT

Commercial Insurance

The Perry Joint Fire District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Perry Joint Fire District
Lake County
3742 Center Road
Perry, Ohio 44081

To the Board of Trustees:

We have audited the financial statements of the Perry Joint Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated August 24, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated August 24, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Perry Joint Fire District
Lake County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 24, 2006



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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PERRY JOINT FIRE DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 10, 2006**